GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:174
ANSWERED ON:23.08.2007
CLAIM OF THE STATES OVER THE PETROLEUM RESOURCES
Maharia Shri Subhash;Yerrannaidu Shri Kinjarapu

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Petroleum and Natural Gas extracted from the earth, sea, rivers, either off shore or on shore, are the property of the Union Government;

(b) if so, the details thereof;

(c) whether some States in the country have staked their claim that these are the property of the State concerned;

(d) if so, the reaction of the Union Government thereto; and

(e) the final decision taken in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI MURLI DEORA)

(a) to (e) : A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE LOK SABHA STARRED QUESTION NO. 174 BY SHRI KINJARAPU YERRANNAIDU AND SHRI SUBHASH MAHARIA TO BE ANSWERED ON THE 23RD AUGUST, 2007 REGARDING CLAIM OF THE STATES OVER THE PETROLEUM RESOURCES

As per Article 297 of Constitution of India, all lands, minerals and other things of value underlying the ocean within the territorial waters, or the continental shelf, or the exclusive economic zone, of India shall vest in the Union and be held for the purposes of the Union.

State Government gets royalty, taxes and duties as applicable on oil and gas production. In case of offshore areas, royalty, taxes, etc., are payable to Union Government.

Some States have represented for sharing of profit petroleum with them, which is payable to the Union Government. The matter was referred to the Twelfth Finance Commission, which was constituted by the President on 1st November, 2002 to give recommendations on Centre State fiscal relations. The Commission has recommended sharing of the non-tax revenue of profit petroleum arising out of contractual provisions under the New Exploration Licensing Policy (NELP) onland blocks and Coal Bed Methane blocks with the States from where the Mineral oil and natural gas are produced, in the ratio of 50:50. The above recommendation of the commission was accepted by the government.